



LEGISLATIVE FISCAL OFFICE

Fiscal Note

Fiscal Note On: **SB 194** SLS 09RS 468  
Bill Text Version: **ENGROSSED**  
Opp. Chamb. Action: **w/ HSE COMM AMD**  
Proposed Amd.:  
Sub. Bill For.:

<b>Date:</b> June 20, 2009	3:39 PM	<b>Author:</b> BROOME
<b>Dept./Agy.:</b> Revenue		
<b>Subject:</b> Corporate income deduction for paid parental leave		<b>Analyst:</b> Deborah Vivien

TAX/TAXATION EG1 DECREASE GF RV See Note Page 1 of 1

Provides for a tax credit against the corporate income tax and the corporation franchise tax for employers who allow parental involvement in schools during working hours. (gov sig)

Proposed law authorizes a nonrefundable corporate income and franchise tax credit for employers who allow parents of children in kindergarten to 3rd grade to take paid leave for no more than 4 hours a month during the school year for the purpose of participating in activities directly related to the employee’s child during regular school hours at the school attended by the employee’s child. The parent must provide 48 hours notice to the employer and the purpose of the leave must be related to specific school-related activities, such as parent/teacher conferences, special presentations or committees. The school must be an accredited public or private educational institution providing educational services to children 18 or younger. The credit amount is the lesser of 2.5 times the hourly wage of the employee per tax year or \$45 per hour and shall be taken for the taxable year in which the leave is granted to the employee.

The credit is applicable for two taxable periods, beginning on and after January 1, 2010 through December 31, 2011.

EXPENDITURES	2009-10	2010-11	2011-12	2012-13	2013-14	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2009-10	2010-11	2011-12	2012-13	2013-14	5 -YEAR TOTAL
State Gen. Fd.	\$0	DECREASE	DECREASE	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The Department of Revenue should incur relatively small costs associated with implementing this deduction including the addition of the credit to the existing computer system and changing tax forms to properly capture the accounting of it.

REVENUE EXPLANATION

To the extent employers allow paid leave for participation in child related school and/or day care activities and avail themselves of this credit, state tax revenues are likely to decline. It is speculative as to how much utilization of this credit might occur. The bill specifies the credit in the amount of the lessor of 2.5 times the hourly wage of the employee or \$45 per hour (The amount of \$45/hour is 2.5 times the average wage in the state across all industries is estimated by the Louisiana Workforce Commission at about \$18/hour, 2.5 times of which is \$45 per employee.) Some firms may allow paid leave time up to the amount of their tax liability to obtain the credit and the pool of children whose activities could trigger the credit is large; approximately 250,000 children enrolled in K-3 grades in nonpublic and public schools in prior years, and there is a possibility of more in licensed daycare facilities, particularly in kindergarten. To the extent these provisions are heavily used, even relatively small credit amounts could accumulate for any employer over its entire workforce for an entire year, and across the state, resulting in material state revenue losses. However, with only two years of implementation, the credit is not expected to be widely utilized since taxpayer awareness normally takes some time to become widespread. State revenue loss exposure from this credit is indeterminable as the percentage of working parents with employers willing to participate is unknown but, it would take 2,800 claimants granted a half day of leave (four hours) over the entire school year to generate \$500,000 of state tax credit at the maximum rate of \$45 per hour (total credit value per parent of \$45 \* 4 = \$180 multiplied by 2,800 = \$504,000 of tax credit).

Senate	Dual Referral Rules	House	
<input type="checkbox"/> 13.5.1 >= \$500,000 Annual Fiscal Cost		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost	 Gregory V. Albrecht Chief Economist
<input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease	